

NON OFFICIAL TRANSLATION

“Ratified by”

The President of the Republic of Armenia

Robert Kocharyan

3 May 2005

GOVERNMENT OF THE REPUBLIC OF ARMENIA

DECISION

No. 499-N of 21 April 2005

ON APPROVING THE RULES OF CONDUCT FOR AUDITORS

In accordance with Article 11 of the Law of the Republic of Armenia on Auditing, the Government of the Republic of Armenia decides to:

1. Approve the Rules of Conduct for auditors, in accordance with the Annex.
2. This Decision shall enter into force on the tenth day following the day of its official publication.

Prime Minister of the Republic of Armenia

Andranik Margaryan

27 April 2005

Yerevan

Annex

to the decision of the Government of the Republic of Armenia

No. 499-N of 21 April 2005

**RULES
OF CONDUCT FOR AUDITORS**

1. These rules lay down the requirements pertaining to the conduct of auditors.
2. The Rules of Conduct for auditors (hereinafter referred to as “the Rules”) are norms regulating the peculiarities of practice, conduct and relations of the auditor in accordance with the requirements of the Law of the Republic of Armenia on Auditing (hereinafter referred to as “the Law”), international standards on and rules of behaviour for auditing, based on universal principles of morality as well as ethical principles governing the professional responsibilities of an auditor.
3. The Rules shall apply to persons having obtained a qualification of an auditor in accordance with the procedure prescribed by the legislation of the Republic of Armenia.
4. The objective of the Rules is to provide guidance to auditors in their practice and inform the audited entities about the conduct to be expected from an auditor.
5. Violations of the Rules shall give rise to liability prescribed by law.
6. The decision to withdraw the qualification certificate of an auditor on the basis of a violation of the Rules shall be adopted by the authority that has issued the certificate, based on the opinion of the Commission established by the mentioned authority. The authority issuing the certificate shall have the right to disregard the opinion of the Commission. In such case it is obliged to substantiate, by its decision, the refusal of the opinion of the Commission.
7. The ethical principles governing the professional responsibilities of an auditor shall include independence, integrity, objectivity, professional competence and due care, confidentiality, professional behaviour and adherence to technical standards.
8. Based on the principles of conduct, an auditor must adhere to the following rules:
 - (a) be guided by the requirements of the Constitution, laws and other legal acts of the Republic of Armenia, as well as the ethical principles governing the professional responsibilities of an auditor;

(b) fulfil, in an accurate, timely and proper manner, the responsibilities vested in auditor by the legislation of the Republic of Armenia;

(c) comply with the restrictions provided for by Article 12(4) of the Law, and, particularly, not to provide auditing services where:

- in the capacity of an individual auditor or of an employee of an audit entity, he/she has, in the reporting year covering the relevant period, conducted the set-up, recovery or maintenance of accounting systems, preparation of financial statements or valuation of assets and liabilities of the audited entity;

- he/she is the founder (member) or policyholder (except for types of statutory insurance) of the legal person concerned, or head of the legal person or institution concerned or the accountant of the audited entity or the person responsible for maintaining the accounting or preparation of financial statements, or is a close relative (i.e. a child, spouse, parent, sibling, grandparent, grandchild, as well as a child, parent, sibling, grandparent, grandchild of the spouse) of the mentioned persons;

(d) respect the moral norms based on fair dealing, integrity and impartiality, be objective and impartial, act with self-restraint and be exemplary;

(e) refrain from actions (or inactions) which may compromise or discredit him/her;

(f) refrain from actions (or inactions) which may impede the activities of the audited entity or compromise or discredit the latter;

(g) preserve independence in case of conflict of interest between different interested parties as regards the findings of the audit;

(h) not to become dependent of a person by his/her conduct, not to accept gifts, gratuity, services or hospitality from persons interested in the findings of the audit, except for service fees envisaged by the contract;

(i) not to criticise the work of other auditors;

(j) not to withhold essential facts known to him, where not disclosing these facts may lead to incomplete submission of facts or failure to reveal illegal actions;

(k) refrain from irrelevant promises, assurances, realise the significance of his/her opinion and the possible negative effects of promises and assurances given by him/her;

(l) keep the confidentiality, including after termination of relations with the audited entity, of information obtained in the course of provision of audit services. For this purpose, the auditor must take measures to ensure the protection of documents constituting an official, commercial or banking secret, as well as of his/her working documents;

(m) not to use the information obtained during provision of audit services for personal advantage or other purposes;

(n) provide audit services in accordance with the requirements of audit standards.

9. The sequence of these Rules does not indicate the priority thereof.

Minister - Chief of Staff

of the Government of the Republic from Armenia

M. Topuzyan